

## Message Text

UNCLASSIFIED

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ACTION EB-07

INFO OCT-01 EA-09 IO-14 ISO-00 AGRE-00 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 EPG-02 SP-02 STR-04 TRSE-00

FRB-01 OMB-01 L-03 H-02 SS-15 NSC-05 /077 W

-----114008 191305Z /45

R 191208Z JUL 77

FM USMISSION GENEVA

TO SECSTATE WASHDC 9362

INFO AMCONUL HONG KONG

UNCLAS GENEVA 5969

FOR EB/FTD

E.O. 11652: N/A

TAGS: ETRD, HK

SUBJ: US-HK BILATERAL

1. PETER TSAO RETURNING TODAY, TUESDAY, JULY 19, TO HONG KONG. MFA GENEVA OPERATION FOR HONG KONG NOW RESTS WITH HK TSB REP/MILLS.

2. RE BILATERAL, FOLLOWING CORRECTION, PAGE 12, PARA 12  
LAST LINE NECESSARY - SHOULD READ 1/202,858 "DOZENS."  
DELETE " SQUARE YARDS EQUIVALENT."

3. PER AGREEMENT DURING NEGOTIATIONS AT LYON, HONG KONG WILL REQUEST TO BORROW FOR USE IN COTTON TROUSERS (CATEGORY 50/51) AND COTTON TOPS (CATEGORY 41/42/43/62(2)), ADDITIONAL 4 PERCENT FROM CY78 TO BE USED "TO AVOID DISTORTION IN EXISTING PATTERNS OF TRADE" DURING LAST THREE MONTHS OF FIFTEEN MONTH AGREEMENT PERIOD AFTER EXTENSION EFFECTED. HONG KONG AGREES TO AVOID USE OF WORKS 'CARRY FORWARD' OR 'ANTICIPATION' TO PROTECT US OPTIONS WITH OTHER COUNTRIES IN FORTHCOMING BILATERAL NEGOTIATIONS. TEXT OF EXPECTED REQUEST LETTER AND UNCLASSIFIED

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PROPOSED US REPLY FOLLOW.

(A) QUOTE: WITH REFERENCE TO THE NEGOTIATIONS BETWEEN REPRESENTATIVES OF THE GOVERNMENTS OF HONG KONG AND THE UNITED STATES HELD BETWEEN 1 JUNE 1977 AND 24 JUNE 1977 IN LYON AND GENEVA, I WRITE TO SEEK CONFIRMATION THAT, IN ADDITION TO THE 6 PERCENT SET OUT IN PARAGRAPH 3 OF THE DIPLOMATIC NOTE EXCHANGED ON (DATE) EXTENDING THE

CURRENT BILATERAL TEXTILE AGREEMENT BETWEEN OUR TWO GOVERNMENTS TO 31 DECEMBER 1977, IT WAS AGREED THAT IN ORDER TO AVOID DISTORTION OF EXISTING TRADE PATTERNS, HONG KONG COULD BORROW FROM CY 1978 AN ADDITIONAL 4 PERCENT IN RESPECT OF THE FOLLOWING CATERGORIES:

(1) CATEGORY 50/51 COTTON TROUSERS, NOW KNIT.

(2) CATEGORY 41/42/43/62(2) COTTON KNIT SHIRTS AND T-SHIRTS.

UNQUOTE

(B) QUOTE: IN REPLY TO YOUR LETTER OF (DATE), I CONFIRM THE AGREEMENT OF THE UNITED STATES GOVERNMENT THAT HONG KONG MAY BORROW AN ADDITIONAL 4 PERCENT IN RESPECT OF THE PRODUCTS SET OUT IN YOUR LETTER TO BE USED IN THE AGREEMENT PERIOD OCTOBER 1, 1976 TO DECEMBER 31, 1977 AND UNDER THE CONDITIONS SET OUT IN PARAGRAPH 3 OF THE DIPLOMATIC NOTES EXTENDING THE CURRECT BILATERAL BETWEEN OUR TWO GOVERNMENTS TO DECEMBER 31, 1977. UNQUOTE.

4. CONCERNING CATEGORY 120 EA CALL, REFTTEL GENEVA 5928, IT WAS INFORMALLY AGREED THAT USEFUL PROCEDURE TO ALLOW USG AND HKG TIME TO WORK OUT SOLUTION THIS DELICATE PROBLEM FOR NEW AGREEMENT AS WELL AS CURRENT AGREEMENT, WOULD BE FOR US TO REQUEST EXTENSION OF CONSULTATIONS ON CAT 120 CALL BEYOND JULY 27 FOR ADDITIONAL 60 DAYS "TO UNCLASSIFIED

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PERMIT RESOLUTION OF PROBLEM SITUATION." HK, TSAO, INFORMALLY AGREED THAT THIS WOULD BE BEST PROCEDURE AT THIS TIME.

5. FINALLY, TSAO, ON DEPARTURE MOST STRONGLY URGED MAXIMUM EFFORT BE MADE TO GET NOTES ON NEW BILATERAL AND EXTNESION SIGNED IN HONG KONG BY THIS FRIDAY, JULY 22. US DEL ALSO BELIEVES THE TARGET DATE HIGHLY DESIRABLE. VANDEN HEUVEL

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NEGOTIATIONS, AMENDMENTS, MEETINGS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 2  
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**TAGS:** ETRD, HK  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
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